

EXECUTIVE SECRETARIAT (O/DCI)

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	DD/RM				
4	DD/NFA				
5	DD/CT				
6	DD/A	✓			
7	DD/O				
8	DD/S&T				
9	GC		✓		
10	LC				
11	IG				
12	Compt		✓		
13	D/PA				
14	D/EO				
15	D/Pers				
16	AO/DCI				
17	C/IPS				
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SUSPENSE DATE:

22 Dec

Remarks:

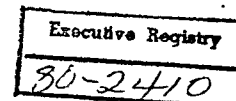
*To 6: Pls prepare response for
DDCI's signature**30 Oct*

Date

3637 (4-78)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



M-81-3

October 22, 1980

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: James T. McIntyre, Jr. *Jim McIntyre*

SUBJECT: Requirements to File Internal Revenue Service
Information Returns

It has come to our attention that most departments and agencies are not complying with the reporting requirements contained in Section 6041 of the Internal Revenue Code on non-employee compensation and other forms of income. Specifically, recent GAO studies and congressional testimony have revealed general non-compliance in the Federal sector with respect to these information reporting requirements.

Section 6041 of the Code requires that persons, including Federal agencies, making payments to others in the course of their trade or business must file the appropriate IRS Form 1099 information document with IRS. Form 1099 applies to payments totaling \$600 or more in one year to a recipient for gains, profits, income, rents, salaries, wages, commissions, fees, and other forms of compensation for services provided by nonemployees. The IRS has prescribed separate forms within the 1099 series for reporting various types of such payments. Payments to certain corporations however, are exempt under §1.6041-3.

The Form 1099 requirement is intended to provide the IRS with a means of identifying income not subject to withholding. It has been estimated by IRS that as much as 40 percent of such income goes unreported and therefore, results in significant losses of tax dollars to the government. Accordingly, each department and agency should take whatever action is necessary to assure compliance with Section 6041 of the IRS code and to accommodate the IRS in fulfilling its tax collection responsibilities.

I encourage you to direct your personnel, procurement and finance staffs to work together to achieve full compliance by ensuring that all data needed to identify payments subject to the provisions of Section 6041 is available. Further, I ask that you report to OMB not later than December 31, 1980 on the actions you have taken.

